



GAIL FARBER, Director

**COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC WORKS**

"To Enrich Lives Through Effective and Caring Service"

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IN REPLY PLEASE
REFER TO FILE

November 15, 2016

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

36 November 15, 2016

LORI GLASGOW
EXECUTIVE OFFICER

**CONSTRUCTION CONTRACT
PUBLIC BUILDINGS CORE SERVICES AREA
HALL OF JUSTICE CAFETERIA PROJECT
APPROVE REVISED PROJECT BUDGET
AWARD CONSTRUCTION CONTRACT
SPECS. 7378; CAPITAL PROJECT NO. 70999
(SUPERVISORIAL DISTRICT 1)
(3 VOTES)**

SUBJECT

The recommended actions will approve the revised project budget and award a construction contract to Morillo Construction, Inc., for the Hall of Justice Cafeteria project.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the recommended actions are within the scope of the previously certified Environmental Impact Report and categorical exemption finding for the Hall of Justice Cafeteria project and that there have been no changes to the project that would require further review under the California Environmental Quality Act.
2. Approve the revised total project budget of \$3,600,000 for the Hall of Justice Cafeteria project, Capital Project No. 70999.
3. Find that Morillo Construction, Inc., is the apparent lowest responsive and responsible bidder, and award a construction contract to Morillo Construction, Inc., in the amount of \$2,454,500 for the Hall of Justice Cafeteria project.

4. Authorize the Director of Public Works or her designee to execute the construction contract, in the form previously approved by County Counsel, with Morillo Construction, Inc., and to establish the effective contract date.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions will find that the recommended actions are within the scope of the previously certified Environmental Impact Report (EIR) and categorical exemption under the California Environmental Quality Act (CEQA) and that there have been no changes to the project; approve the revised project budget for the Hall of Justice Cafeteria project to accommodate the higher than anticipated construction bid cost; find that Morillo Construction, Inc., is the apparent lowest responsive and responsible bidder; and award a construction contract to Morillo Construction, Inc., for the Hall of Justice Cafeteria project.

The Hall of Justice is located at 211 West Temple Street in Downtown Los Angeles. The proposed project will include the construction of a new approximately 5,300 square foot cafeteria within the Hall of Justice facility, which will include a new dining room, server area, commercial kitchen, and dedicated mechanical room to support the new grease extraction and smoke ventilation system.

On August 16, 2016, the Board authorized advertising for bids; authorized the award and execution of a construction contract with the apparent lowest responsive and responsible bidder if within the remaining total project budget; and authorized the Director of Public Works or her designee to execute a consultant services agreement with the apparent lowest responsive and responsible bidder to prepare a baseline construction schedule, schedule of values, and submittal list for a \$3,000 not-to-exceed fee.

On September 7, 2016, six bids were received (see Enclosure A). AWI Builders, Inc., with a lump sum bid price of \$2,283,555, was the apparent lowest bidder. However, the Department of Public Works determined that AWI Builders, Inc.'s, bid was non responsive to the requirements for qualifying experience because it failed to provide information for three similar projects involving a commercial kitchen installation in the last 5 years at the time of bid submittal. Consequently, Morillo Construction, Inc., is the apparent lowest responsive and responsible bidder with a lump sum bid price of \$2,457,500.

Morillo Construction, Inc.'s, lump sum bid is \$587,500 higher than the construction cost estimate. Public Works believes there has been an overall increase in market conditions for the construction industry, thereby causing the bids to be higher. Upon discussion with Chief Executive Office (CEO), Sheriff's Department, and District Attorney, it was determined that the current scope is required to meet the operational needs and there are sufficient bond proceeds to cover the shortfall.

Accordingly, we recommend that the Board award the construction contract to Morillo Construction, Inc., in the amount of \$2,454,500. This contract amount was established by deducting \$3,000 from Morillo Construction, Inc.'s, lump sum base bid of \$2,457,500 for preparation of the approved baseline construction schedule.

It is anticipated that construction of the proposed project will begin in January 2017 and be substantially complete by May 2017.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs the provision of Operational Effectiveness/Fiscal Sustainability and Integrated Services Delivery. The project helps to achieve these goals by utilizing existing bond proceeds to provide a cafeteria in the building that would reduce the amount of vehicular travel to other dining destinations and by installing energy efficient light emitting diode light fixtures throughout the project area.

FISCAL IMPACT/FINANCING

On August 16, 2016, the Board approved the project budget of \$2,731,000 with an estimated construction cost of \$1,870,000. Morillo Construction, Inc.'s, lump sum base bid of \$2,457,500 is \$587,500 higher than the construction cost estimate.

The total revised project budget, including construction, plans and specifications, consultant services, miscellaneous expenditures, jurisdictional approvals and County services, is estimated at \$3,600,000, which reflects an increase of \$869,000, including additional construction cost, change order contingency, and project management cost.

The proposed project will be funded using remaining bond proceeds from the Hall of Justice Repair and Reuse project. Any expenditure/cost deemed ineligible for payment via bond proceeds will be evaluated and may potentially be absorbed with existing resources within the Sheriff Department's and/or the District Attorney's operating budgets. The CEO will also work closely with Public Works, the District Attorney, and the Sheriffs to ensure planned project-related expenditures meet the criteria for reimbursement under bond financing.

Operating Budget Impact

The potential fiscal impact that may result from the Hall of Justice Cafeteria project and the existing and anticipated future unfunded cost increases will be evaluated to determine whether or not these costs can be absorbed within the Sheriff's and District Attorney's existing resources.

The Sheriff's plans to operate the cafeteria utilizing staffing from its Food Services Unit. A staffing model similar to the Sherman Block Building food service operation will be used. It is anticipated that the operation will be partially revenue offset. Operating costs such as staffing, services, and supplies as well as associated support costs will be developed and included in the Sheriff's Fiscal Year 2017-18 Operating Budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Applicable law, including the State Public Contract Code, requires the County to award construction contracts to the lowest responsive and responsible bidder, which refers to the firm that: (1) submits the lowest bid price; (2) is deemed by the County to be "responsive" to specific criteria under the solicitation, including, but not limited to, licensure, bonding, and insurance requirements; and (3) is determined by the County to be a "responsible" bidder by exhibiting the quality, fitness, capacity, experience, and trustworthiness to satisfactorily perform the work required under the bid solicitation. As specified in the bid documents, the

"total evaluated bid price" was determined by adding the lump sum base bid, the extended overhead daily rate multiplied by 30 calendar days, and the Local Small Business Enterprise preference (5 percent of the lowest bid price up to a max of \$50,000), if applicable.

A standard construction contract will be used that contains terms and conditions supporting the Board's ordinances, policies, and programs, including, but not limited to, the County's Greater Avenues for Independence and General Relief Opportunities for Work Program, Notice to Contract Employees of Newborn Abandonment Law (Safely Surrendered Baby Law), Contractor Employee Jury Service Program, and the Los Angeles County's Child Support Compliance Program.

On September 6, 2016, the Board adopted a new Local and Targeted Worker Hire Policy that requires a 30 percent mandatory local worker hire participation for construction contracts approved by the Board after October 31, 2016, with a project budget of more than \$2,500,000. As this cafeteria project, which was approved on August 16, 2016, is a component of the Hall of Justice Renovation project that was substantially completed with a 54 percent local worker hire participation, it includes a 30 percent aspirational local worker hiring goal.

The plans and specifications include the contractual provisions and material requirements necessary for the project and are on file with Public Works' Contracts and Business Affairs Division.

Civic art was previously included in the Hall of Justice Repair and Reuse project with a budget of \$1,000,000. Therefore, additional civic art is not required for the cafeteria project.

ENVIRONMENTAL DOCUMENTATION

In June 2006, the Board certified an EIR for the Hall of Justice Repair and Reuse project and a Mitigation Monitoring and Reporting program was adopted. The EIR analyzed the impacts from the buildout of the planned interior and exterior improvements to the building. On April 12, 2016, the Board approved the Hall of Justice Cafeteria project and found that the project is within the scope of the previously certified EIR. On August 16, 2016, the Board found that the new scope, which includes installation of a negative air mechanical system with vibration isolators and an insulated wall, is categorically exempt from CEQA because they consist of interior alteration and repair of existing structures. The current recommended actions are within the scope of the previous EIR and finding of categorical exemption for the project. There have been no changes to the project that would require further review under CEQA.

Upon approval of the recommended actions, Public Works will file a Notice of Determination with the Registrar-Recorder/County Clerk in accordance with Section 21152(a) of the California Public Resources Code.

CONTRACTING PROCESS

As indicated above, on September 7, 2016, six bids were received (the bid results are summarized in Enclosure A). AWI Builders, Inc., with a total lump sum bid price of \$2,283,555 was the apparent lowest bidder. However, Public Works determined that AWI Builder, Inc.'s, bid was not responsive to the requirements for qualifying experience because it failed to

provide information for three similar projects involving a commercial kitchen installation in the last 5 years at the time of bid submittal. Therefore, Morillo Construction, Inc., is the apparent lowest responsive and responsible bidder with a total evaluated price of \$2,437,500, including a lump sum bid price of \$2,457,500 and an extended overhead daily rate of \$1,000 per day multiplied by 30 days (\$30,000), with a local Small Business Enterprise preference.

On September 12, 2016, Public Works informed AWI Builders, Inc., (in writing) of the nonresponsive determination and further advised that we intended to recommend to the Board that Morillo Construction, Inc., be awarded the construction contract for this project.

On October 12, 2016, Public Works executed a consultant services agreement with Morillo Construction, Inc., to prepare a baseline construction schedule, schedule of values, list of submittals, and long-lead submittal items, which have been submitted and found to be acceptable.

As requested by the Board on February 3, 1998, this contract opportunity was listed on the "Doing Business with Us" website as shown in Enclosure B.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be minimal impacts to operations at the Hall of Justice due to construction activities for the project. These impacts will be closely coordinated with the Sheriff's and District Attorney's offices.

CONCLUSION

Please return one adopted copy of this Board letter to the Chief Executive Office, Capital Programs Division and Department of Public Works, Project Management Division II.

The Honorable Board of Supervisors

11/15/2016

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Respectfully submitted,

A handwritten signature in black ink that reads "Gail Farber". The script is cursive and fluid, with the first name "Gail" and last name "Farber" clearly legible.

GAIL FARBER

Director

GF:TC:ec

Enclosures

c: Auditor-Controller
Chief Executive Office (Capital Programs
Division)
County Counsel
District Attorney
Sheriff's Department
Office of County Wide Contract Compliance
Department of Public Social Services
(GAIN/GROW)

November 15, 2016

ENCLOSURE A

**CONSTRUCTION CONTRACT
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BID SUMMARY

Project Description:

This project includes construction of a new, approximately 5,300-square-foot cafeteria within the existing Hall of Justice building; procurement and installation of new kitchen equipment including all utility connections; and construction of a new dedicated mechanical room and kitchen storage room.

Financial Information:

Public Works' fair construction cost estimate was \$1,870,000.

Bid Opening Date: September 7, 2016

Bid Summary:

<u>Bidder</u>	<u>Lump Sum Base Bid</u>	<u>Extended Daily Overhead Rate</u>	<u>Total Evaluated Bid Price⁽¹⁾</u>
AWI Builders	\$ 2,283,555.00	\$ 1,390.00	\$ 2,325,255.00
Morillo Construction, Inc.*	\$ 2,457,500.00	\$ 1,000.00	\$2,437,500.00
New Creation Builders	\$ 2,435,000.00	\$ 500.00	\$2,450,000.00
IPI Construction*	\$ 2,668,565.00	\$ 1,200.00	\$2,654,565.00
MIK Construction, Inc.*	\$ 2,600,888.00	\$ 3,500.00	\$2,655,888.00
Woodcliff Corporation	\$ 3,078,000.00	\$15,000.00	\$3,093,000.00

* Certified Local Small Business Enterprise

- (1) For purposes of bid evaluation only, the Total Evaluated Bid Price was determined by adding the lump sum base bid, extended overhead daily rate multiplied by 30 calendar days, and \$50,000 bid price reduction for certified Local Small Business Enterprise, if applicable.

November 15, 2016

ENCLOSURE B

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**DOING BUSINESS WITH US WEBSITE
Bid Information**

Bid Number: AED7740027
Bid Title: Hall of Justice Cafeteria Project
Bid Type: Construction
Department: Public Works
Commodity: SOUP KITCHENS, CAFETERIA
Open Date: 8/16/2016
Closing Date: 9/7/2016 10:30 AM
Bid Amount: \$ 1,870,000
Bid Download: Not Available

Bid Description: The County will conduct a MANDATORY prebid conference and job walk of the project site on August 25, 2016, at 10:00 a.m., at Hall of Justice, located at 211 West Temple Street, Los Angeles, California 90012. Meet in the Grand Lobby. All participants will need to check in at the Security Counter and have their Driver's Licenses. You must REGISTER specifically for this project (in addition to other County registrations) at the County of Los Angeles Department of Public Works website: (in <http://dpw.lacounty.gov/general/contracts/opportunities/>)

Continue to check this website for this project for any updates (Notice To Bidders). Please E-mail any questions to CWONG@dpw.lacounty.gov. To obtain a copy of the Plans and Specs and Notice To Bidders A and B [Click here](#)

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